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UNCLAS SECTION 01 OF 02 LAGOS 001870

SIPDIS

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TAGS: [FAIR](#) [ECON](#) [NI](#)

SUBJECT: FUTURE OF NIGERIA AIRWAYS

1. (SBU) Summary: The wetlease agreement of Nigeria Airways Limited (NAL) with Air Atlanta Icelandic (AAI) was set to expire on September 19, but was extended at the last minute. The Ministry of Aviation had hoped until the last moment to replace NAL with a new national carrier, Air Nigeria, through a joint venture agreement with the UK-based Airwing Aerospace Limited (AAL). Because Nigeria lacks ICAO's Category I safety status, however, NAL would not have been able to fly alone into the United States. In addition, Air Nigeria could not have begun operations on September 20 because the U.S. Federal Aviation Administration has not received documentation from the new airline. Moreover, an inter-ministerial committee formed to advise the GON on the legitimacy of the proposed joint venture has yet to begin deliberations. Had NAL failed to extend its current wetlease by September 20, operations on the popular Lagos-New York route would have been suspended. The Ministry of Aviation has dodged that bullet, but still has a politically difficult row to hoe before Air Nigeria can lift off. End Summary.

2. (U) On September 17, Abuja-based ECON FSN Specialist met with Tony Anufor, Special Assistant to the Minister of Aviation, who asserted knowing nothing about plans to extend NAL's wetlease. Anufor confirmed, however, that preparations for the new carrier have been put on hold pending the recommendation of the inter-ministerial committee that will review the proposed joint venture. Initially, the Ministry had hoped that Air Nigeria might have begun operating on September 20 under the joint venture agreement. Under it, the GON's equity share would have been 51 percent, secured through the liquidation of NAL assets. Officials from the Nigerian Civil Aviation Authority (NCAA) informed EconOff that Airwing had planned on Singapore Airways' managing the operations.

3. (U) Early September 18, Chris Aligbe, Public Affairs Manager for NAL, informed Lagos-based EconOff that NAL intended to continue its Lagos-New York operations through an extension of NAL's actual wetlease. NAL's Managing Director hoped to secure a deal with AAI within two days. Aligbe expected the extension would be in effect until Air Nigeria receives GON approval of the joint venture and acquires FAA-approved equipment and crew. Late September 18, Aligbe informed EconOff that Nigeria Airways had just extended its wetlease agreement with Air Atlanta, presumably until the issue about Air Nigeria is resolved.

4. (SBU) The future of the Air Nigeria deal remains uncertain. After hearing of complaints by the Bureau of Public Enterprises, President Obasanjo established a twelve-person committee to review the agreement. Members of the committee include representatives from the Ministries of Justice, Finance, Aviation, and the Bureau of Public Enterprises (BPE). The BPE argues that the Ministry is challenging the BPE's privatization authority. Contacts report that the BPE is engaged in discussions to sell NAL to a South African group. This issue will most likely be reviewed by the committee, whose deliberations were to have begun on September 16, but were delayed until September 20 owing to the ongoing voter registration. Denying press reports that

the committee is investigating the Ministry of Aviation's actions in the deal, the Minister's Special Assistant characterized the accusations as "evil schemes of people who do not like (Minister Chikwe)."

15. (SBU) Comment: Even if President Obasanjo has signed off on the joint venture agreement, as Minister Chikwe contends in the press, Air Nigeria's future is uncertain. The inter-ministerial committee must review the agreement to ensure that it meets governmental guidelines, and the BPE is likely to recommend against approval. End Comment.
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